

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

* * * * *

In the Matter of

NOTICE OF CONTINENTAL TELEPHONE)
COMPANY OF KENTUCKY OF AN ADJUST-) CASE NO. 7790
MENT OF RATES)

O R D E R

IT IS ORDERED That Continental Telephone Company of Kentucky shall file with the Commission by May 6, 1980 the following information:

Staff Request No. 1

1. A trial balance as of the last day of the test year, all income statement accounts should show activity for 12 months showing account number, account title, and amount. Show the balance in each control and all underlying sub-accounts per company books.
2.
 - A. A calculation of average (thirteen month) and end-of-period debt, preferred stock, and common equity capital for the test year in the format as shown in Format 2a attached.
 - B. A calculation of the average (thirteen month) and end-of-period long-term debt composite interest for the twelve months of the test year. Supporting details underlying calculations should be provided. The average long-term debt composite interest cost is calculated by dividing the sum of the book interest accrued on long-term debt and related amortization of discount, premium, and issuance cost by average long-term debt as calculated in Format 2a, column c, line 15.

3. The following monthly balances and a calculation of the thirteen month average data for the test year operations of the company combined and intrastate:
- A. Plant in service
 - B. Plant purchased or sold
 - C. Property held for future use
 - D. Construction in progress--separate this balance into CWIP that Interest During Construction is calculated on and other CWIP.
 - E. Depreciation reserve
 - F. Material and supplies
 - G. Balance in accounts payable (applicable to material and supplies)*
 - H. Unamortized investment credit-Pre-Revenue Act of 1971
 - I. Unamortized investment credit-Revenue Act of 1971
 - J. Accumulated deferred income taxes
 - K. Balance in accounts payable applicable to amounts included in plant in service*
 - L. Balance in accounts payable applicable to amounts included in plant under construction*
 - M. Short term borrowings
 - N. Interest on short term borrowings (expense)
4. Schedules in comparative form showing by months for the test year and the year preceding the test year the Kentucky combined balance in each telephone plant and reserve account or subaccount included in the applicant's chart of accounts as shown in Format 4 attached.
5. The detailed work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

* if actual is unavailable, give a reasonable estimate

6. A schedule showing a comparison by month of the Kentucky combined and intrastate revenue accounts for the test year to the same month of the preceding year for each revenue account or subaccount included in the applicant's chart of accounts. Include appropriate footnotes to show the month each rate increase or rate change went into effect and the first month the full increase was recorded in the accounts. See Format 4.
7.
 - A. A schedule showing a comparison of the balance in the Kentucky combined operating expense accounts for each month's activity for the test year to the same month of the preceding year for each account or subaccount included in the applicant's chart of accounts. See Format 4.
 - B. A schedule in comparative form showing operating expense account balances for the test year and each of the five years preceding the test year for each account included in the applicant's annual report (FCC Form M, Schedule 35). Show the percentage of increase of each year over the prior year.
 - C. A schedule of salaries and wages for the test year and each of the five calendar years preceding the test year as shown in Format 7c attached.
8. The following tax data for the test year for Kentucky combined and intrastate operations:
 - A. Income taxes:
 - (1) Federal operating income taxes deferred - accelerated tax depreciation
 - (2) Federal operating income taxes deferred - other (explain)
 - (3) Federal income taxes - operating
 - (4) Income credits resulting from prior deferrals of Federal income taxes

- (5) Investment tax credit net
 - (i) Investment credit realized
 - (ii) Investment credit amortized - Pre-Revenue Act of 1971
 - (iii) Investment credit amortized - Revenue Act of 1971
 - (6) Provide the information in 8a(1) through 8a(4) for state income taxes
 - (7) Reconciliation of book to taxable income as shown in Format 8a(7) attached and a calculation of the book Federal and state income tax expense for the test year using book taxable income as the starting point
 - (8) A copy of Federal and state income tax returns for the taxable year ended during the test year including supporting schedules (three copies required).
- B. An analysis of Kentucky other operating taxes as shown in Format 8b attached, for Kentucky combined and intra-state operation.
- 9. A schedule of Kentucky combined net operating income per average primary phone (see Format 10, Schedule 2) per company books for the test year and the five years preceding the test year. This data should be provided in the format as shown in Format 9 attached.
 - 10. The comparative operating statistics as shown in Format 10 attached.
 - 11. A schedule of average telephone plant in service per average primary phone by account per company books for the test year and the five calendar years preceding the test year. This data should be provided in the format as shown in Format 11 attached.

12. A statement of telephone plant in service per company books for the test year. This data should be presented in the format as shown in Format 12 attached.
13. A. Provide a detailed analysis of all intrastate charges booked during the test period for advertising expenditures. This analysis should include a complete breakdown of account 642 - Advertising as shown in Format 13a attached, and further should show any other advertising expenditures included in any other expense subaccounts. The analysis should moreover, be specific as to the purpose of the expenditure and the expected benefit to be derived. Expenses allocated from the parent company should be so identified.
- B. Provide an analysis of Account 675 - Other Expenses for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 13b and further provide all detailed working papers supporting this analysis. As a minimum the work papers should show the date, vendor, dollar amount and a brief description of each expenditure for amounts of \$500 or more.
- C. A detailed analysis of all charitable and political contributions expenses charged to intrastate operations during the test period. This analysis should indicate the amount of the expenditure, the recipient of the donation and the specific amount charged. Expenses allocated from the parent should be so identified.
- D. Provide an analysis of Account 323 - Miscellaneous Income Charges for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 13d, and further provide all detailed working papers supporting this analysis. As a minimum the work papers should show the date, vendor, dollar amount and a brief description of each expenditure for amounts of \$500 or more.

14. A statement describing the applicant's lobbying activities and a schedule showing the name of the individual, his salary, and all company-paid or reimbursed expenses or allowances and the account charged for all personnel for whom a principal function is that of lobbying, whether it be lobbying on the local, state, or national level.
15. Rates of return as shown in Format 15 attached.
16. Employee data as shown in Format 16 attached.
17. Provide a detailed analysis of the retained earnings account for the test period and twelve month period immediately preceding the test period.
18. Provide the following information with regard to uncollectible accounts for the test year and the five preceding calendar years (taxable year acceptable):
 - A. Reserve account balance at the beginning of the year.
 - B. Charges to reserve account (accounts charged off).
 - C. Credits to reserve account.
 - D. Current year provision.
 - E. Reserve account balance at the end of the year.
 - F. Percent of provision to total revenue.
19. The dollar amount of employee concession telephone service for the twelve (12) months of the test year as shown in Format 19 attached.
20. Additional data relating to affiliated or parent company(s).
 - A. Consolidated parent and subsidiaries balance sheet, income statement, and statement of changes in financial position for test year and last two calendar years.
 - B. Schedule showing balance sheet, income statement, and retained earnings adjusting entries for Kentucky subsidiary in its consolidation with the parent company and affiliated companies.
 - C. Schedule of company's home office and/or intercompany charges; monthly for the test year and yearly for the last two calendar years. State the type of goods or services provided (i.e., supplies capitalized, data service, directory sales, management services, etc.).

The amount by type from each billing unit and the method used in billing (i.e., direct, allocated) and basis for allocating common charges.

- D. Provide a calculation of the average (thirteen month) and the end-of-period debt and equity ratio and average (thirteen month) and end-of-period composite interest cost and preferred stock cost for the twelve months of the test period for the parent company and for the consolidated companies including all subsidiaries.
- E. Schedule of Federal income tax reductions due to filing a consolidated parent tax return for last two taxable years. Show source and type of reduction, and method and basis of allocating to companies and states.
- F. A schedule of sales by affiliated Manufacturing and/or Supply Companies separated into Manufacturing Operations and Supply Operations with a further separation into sales to affiliated System Telephone Companies, Non-affiliated Telephone Companies, all other Sales and total for the calendar year for all years of common affiliation.
- G. A schedule showing for each year used in 20f for affiliated Manufacturing and/or Supply Companies the weighted average capitalization ratios, effective debt interest rates and effective preferred stock dividend rates. This schedule should show the actual amounts of the various capital components as well as the ratios.
- H. Net Income as a percent of Sales, Return on Average Investment, and Return on Average Common Equity for sales to affiliated telephone companies and on sales to nonaffiliated telephone companies separately for manufactured products and separately for items purchased for resale for the calendar years used in 20f. Also provide details for the rate of return calculations.

- I. On sales to the Kentucky operating telephone company used in 20f, separate purchases from the manufacturing operation into amounts capitalized and amounts expensed and from the supply operation into amounts capitalized and amounts expensed.
 - J. A schedule showing the dollar amount of gross additions by major plant accounts and the percent and dollar amounts surviving at end of test year, for each of the years used in 20f. A second part of this schedule should show the dollar and percent of equivalent amounts of depreciation reserve at the end of the test year, applicable to the surviving capitalized purchases.
- 21. A calculation of the rate or rates used to capitalize interest during construction for the test year and the three preceding calendar years. Provide a narrative explanation of each component entering into the calculation of this rate.
 - 22. Provide detailed monthly income statements for each month after the test period including the month in which the hearing ends as they become available.
 - 23.
 - A. Explanation of the settlement contract or method used with South Central Bell and any other telephone companies to arrive at Applicant's Kentucky intrastate test period toll revenues. (Provide the Traffic Agreement presently in use for settlement purposes)
 - B. Explanation, with copies of appropriate supporting material, of the separation procedures used to arrive at the test period Kentucky intrastate portions of revenues, investment, expenses, taxes, reserves and any other items applicable to the case. Include discussions on cost studies which were used and periods for which studies were made.

- C. A listing in comparative form of the following factors used in the cost separations studies for the last four calendar years preceding the test period and for the test period year (provide interstate toll, intrastate toll and intrastate local factors where applicable):
- (1) Subscriber line usage factors
 - (2) Subscriber plant factors
 - (3) Composite station ratios
 - (4) Conversation-minute-miles factors
 - (5) Dial equipment minutes-of-use factors (composite for all offices)
 - (6) Traffic unit factors (composite for all toll centers)
 - (7) Holding time minutes-of-use

Give the dates of the traffic studies from which the test period factors were obtained. Include a statement as to whether these factors are final or will be revised should subsequent studies prior to the hearing date show changes in them.

- D. A breakdown by dollar amounts of the Kentucky intrastate toll revenues for the test period into their major class of toll service-message toll including WATS, private line, foreign exchange, and any other items contributing to the intrastate toll revenues. Include all intrastate toll revenues whether received through settlements or otherwise.

24. A. The status of all intrastate toll settlements, by major class of toll service, with South Central Bell that were pending at the beginning and at the end of the test period that would affect the test period intrastate toll revenues. Indicate the finality of these settlements with South Central Bell, and if they are not final, give the expected amounts and the expected dates they will be finalized. These amounts are to be reconciled with book entries including amounts accrued for future settlement adjustments.

- B. A statement of concurrence from South Central Bell that the test period intrastate toll settlement revenue is correct giving dollar amounts for each major class of toll service settled. If concurrence cannot be obtained, provide a detailed statement of differences.
 - C. Written explanations of each change or adjustment in intrastate toll settlements which was booked during the test period, but was applicable to settlements outside of the test period and which was booked outside the test period, but was applicable to settlements covering portions of the test period.
 - D. Written explanation of all pro-forma adjustments made to normalize the test period intrastate toll revenues such as those caused by settlement contract changes and separation procedure changes that may effect such items as the intrastate toll rate of return used in computing toll settlements for actual cost and Division of Revenues companies.
 - E. Any other information the Applicant deems necessary to explain the debits and credits to its toll revenues in order to normalize its intrastate toll revenues for the test period.
25. A. Capital structure at end of each calendar year for the previous ten (10) years.
- B. Capital structure at end of latest available quarter.
- C. Capital structure at end of historical test period.
- These items should include the following information:
- (i) class of capital
 - (ii) amount of each class (\$)
 - (iii) ratio of each class to total capitalization
 - (iv) total capitalization (\$)
- These items should be furnished for the parent, the subsidiary and for the system consolidated.

26. A. List all outstanding issues of long-term debt as of the end of the latest calendar year and at the end of the test period.

This should include the following information for each outstanding issue:

- | | |
|-------------------------|--|
| 1. date of issue | 5. cost rate at issue |
| 2. date of maturity | 6. cost rate to maturity |
| 3. amount outstanding | 7. bond rating at issue-
(Moody's, Standard & Poor's) |
| 4. coupon interest rate | 8. type of obligation |

- B. Provide calculations of embedded cost of long-term debt at the end of each calendar year for the previous ten (10) years. Also provide this calculation for end of the test period.

Items 26 A & B should be provided for the parent and for the subsidiary where applicable and not included in the record to date.

27. A. List all outstanding issues of preferred stock as of end of the latest available calendar year and quarter and at end of the historical test period.

This should include the following information for each outstanding issue:

- | | |
|---------------------|--|
| 1. issue date | 4. cost rate at issue |
| 2. amount sold (\$) | 5. amount outstanding |
| 3. dividend rate | 6. note any convertibility
features |

- B. Provide calculations of embedded cost of preferred stock at the end of each of the previous ten (10) years. Also provide this calculation for the most recent quarter available and for the historical test period.

Items 27 A & B should be provided for the parent company and the subsidiary where applicable and not included in the record to date.

28. A. Provide a listing of all issues of common stock in the primary market during the most recent ten (10) year period.

Include the following information:

- | | |
|--|--|
| 1. Date of issue | 5. net proceeds to company |
| 2. number of shares | 6. book value per share at time of issue |
| 3. date of announcement & registration | 7. selling expenses as % of gross issue amount |
| 4. price per share (net to company) | 8. price per share to public |

- B. Provide the following information on a quarterly and yearly basis for the most recent ten (10) year period available. Also provide this through the latest available quarter.

1. average number of shares of common outstanding
2. book value per share at end of period
3. period earnings per share
4. period declared dividend rate per share
5. rate of return on average common equity
6. rate of return on year end common equity

Items 31 B, 5 & 6 refer to yearly figures only.

- C. Provide monthly market price information for common stock for each month during the most recent ten (10) year period.

Include the following:

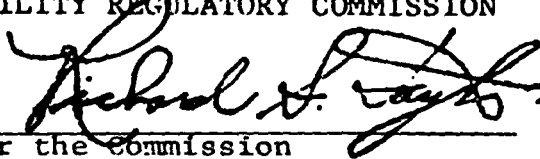
- | | |
|--------------------------|---|
| 1. monthly high | 4. note all stock splits by date and type and adjust prices accordingly |
| 2. monthly low | |
| 3. monthly closing price | |

Items 31 A, B & C refer to the parent company.

29. Provide figures showing computation of fixed charge coverage ratios (SEC method, pretax, including short term debt payments) at the end of each of the ten (10) most recent prior years.

Done at Frankfort, Kentucky, this 18th day of April, 1980.

UTILITY REGULATORY COMMISSION


For the Commission

ATTEST:

Secretary

Continental Telephone Company

Commonwealth of Kentucky

Case No. 7790

CALCULATION OF AVERAGE AND END-OF-PERIOD CAPITAL

12 Months Ended December 31, 1979

Line No.	Item (a)	Total Capital ^{1/} (b)	Long-Term Debt (c)	Preferred Stock ^{2/} (d)	Common Stock ^{2/} (e)	Other Capital (f)	Retained Earnings (g)	Total Common Equity (h)
1.	Balance beginning of test year							
2.	1st Month							
3.	2nd Month							
4.	3rd Month							
5.	4th Month							
6.	5th Month							
7.	6th Month							
8.	7th Month							
9.	8th Month							
10.	9th Month							
11.	10th Month							
12.	11th Month							
13.	12th Month							
14.	Total (L1 through L13)							
15.	Average balance (L14 + 13)							
16.	Average capitalization ratios							
17.	End-of-period capitalization ratios							

^{1/} If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.

^{2/} Include premium on class of stock.

[illegible]

Continental Telephone Company

Commonwealth of Kentucky

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ANALYSIS OF SALARIES AND WAGES CHARGED TO EXPENSE
TEST YEAR ENDING December 31, 1979

Line No.	Item (a)	12 Months Ended					Test Year (g)
		Calendar Years Prior to Test Year					
		5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	
1	Maintenance	\$	\$	\$	\$	\$	\$
2	Traffic						
3	Commercial						
4	Revenue Accounting						
5	General Office and Administrative Salaries:						
6	(a) Executive Department						
7	(b) Accounting Department ^{A/}						
8	(c) Treasury Department						
9	(d) Law Department						
10	(e) Other General Office Salaries						
11	(f) General Office and Administrative Salaries allocated to Kentucky						
12	Total General Office Administrative Salaries (Line 6 thru 11)						
13	Total Salaries and Wages Charged Expense (Lines 1 thru 4 + Line 12)						
14	Construction						
15	Total Salaries and Wages	\$	\$	\$	\$	\$	\$

^{A/} Excluding Revenue Accounting Salaries and Wages

Continental Telephone Company of Kentucky

Case No. 7790

RECONCILIATION OF BOOK NET INCOME AND FEDERAL TAXABLE INCOME

12 Months Ended December 31, 1979

Line No.	Item (a)	Ky. Combined (a)	Ky. Intrastate (b)
1.	Net income per books		
2.	Add income taxes:		
3.	A. Federal income tax - Current		
4.	B. Federal income tax deferred - Depreciation		
5.	C. Federal income tax deferred - Other		
6.	D. Investment tax credit adjustment		
7.	E. Federal income taxes charged to other income and deductions		
8.	F. State income taxes		
9.	G. State income taxes charged to other income and deductions		
10.	Total		
11.	Flow through items:		
12.	Add (itemize)		
13.	Deduct (itemize)		
14.	Book taxable income		
15.	Differences between book taxable income and taxable income per tax return:		
16.	Add (itemize)		
17.	Deduct (itemize)		
18.	Taxable income per return		

NOTE:

- (1) Provide a calculation of the amounts shown on lines 3 through 7 above.
- (2) Provide work papers showing the calculation of straight-line tax depreciation and accelerated tax depreciation and all other work papers in support of the calculation of Federal income tax expense.
- (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Continental Telephone Company of Kentucky

Case No. 7790

RECONCILIATION OF BOOK NET INCOME AND STATE TAXABLE INCOME

12 Months Ended December 31, 1979

Line No.	Item (a)	Ky. Combined (a)	Ky. Intrastate (b)
1.	Net income per books		
2.	Add income taxes:		
3.	A. Federal income tax - Current		
4.	B. Federal income tax deferred - Depreciation		
5.	C. Federal income tax deferred - Other		
6.	D. Investment tax credit adjustment		
7.	E. Federal income taxes charged to other income and deductions		
8.	F. State income taxes		
9.	G. State income taxes charged to other income and deductions		
10.	Total		
11.	Flow through items:		
12.	Add (itemize)		
13.	Deduct (itemize)		
14.	Book taxable income		
15.	Differences between book taxable income and taxable income per tax return:		
16.	Add (itemize)		
17.	Deduct (itemize)		
18.	Taxable income per return		

NOTE:

- (1) Provide a calculation of the amounts shown on lines 8 and 9 above.
- (2) Provide work papers showing the calculation of straight-line tax depreciation and accelerated tax depreciation and all other work papers in support of the calculation of State income tax expense.
- (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Continental Telephone Company of Kentucky

Format 8b

Commonwealth of Kentucky

Case No. 7790

ANALYSIS OF OTHER OPERATING TAXES
FOR THE 12 MONTHS ENDED December 31, 1979

<u>Other Operating Taxes</u>					
Kentucky	<u>Charged Expense</u>	<u>Charged to Construction</u>	<u>Charged to 1/ Other Accounts</u>	<u>Amount Accrued</u>	<u>Amount Paid</u>
State Income	\$	\$	\$	\$	\$
Gross Receipts*					
Ad Valorem					
Payroll (Employer's Portion)					
Other Taxes					

Total per Books

\$	\$	\$	\$	\$

*Actual payments for test year should be shown under the amount paid column.
1/ Explain items in this column.

Continental Telephone Company of Kentucky

Case No. 7790

KENTUCKY COMBINED
NET OPERATING INCOME PER AVERAGE PRIMARY PHONE
TEST YEAR ENDING December 31, 1980

Line No.	Item (a)	12 Months Ended						Test Year (g)
		Calendar Years Prior to Test Year	5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	
1.	Operating Revenues							
2.	Local service revenues							
3.	Toll service revenues							
4.	Miscellaneous revenues							
5.	Uncollectibles - debit							
6.	Total operating revenues							
7.	Operation and Maintenance Expenses							
8.	Maintenance expenses							
9.	Depreciation and amortization							
10.	Traffic expenses							
11.	Commercial expenses							
12.	General office salaries and expenses							
13.	Other operating expenses							
14.	Total operation and maintenance expenses							
15.	Net operating revenue							
16.	Operating Taxes							
17.	Federal income taxes							
18.	State income taxes							
19.	Other operating taxes							
20.	Total operating taxes							
21.	Net operating income							
22.	Total average primary phone (13-month average)							

Continental Telephone Company of Kentucky

Commonwealth of Kentucky

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NUMBER OF EMPLOYEES
TEST YEAR ENDING December 31, 1979

<u>Period</u>	<u>Total</u> (a)	<u>Maintenance</u> (b)	<u>Traffic</u> (c)	<u>Commercial</u> (d)	<u>General Office</u> (e)
Month prior to Test Year					
1st Month of Test Year					
2nd Month					
3rd Month					
4th Month					
5th Month					
6th Month					
7th Month					
8th Month					
9th Month					
10th Month					
11th Month					
12th Month					
A 13-Month Average For Calendar Years Prior to Test Year					
5th Year					
4th Year					
3rd Year					
2nd Year					
1st Year					
Test Year					

Continental Telephone Company of Kentucky
Commonwealth of Kentucky

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STATION DATA
TEST YEAR ENDING December 31, 1979

<u>Period</u>	<u>Main</u> <u>(a)</u>	<u>Centrex</u> <u>Trunks</u> <u>(b)</u>	<u>PBX</u> <u>Trunks</u> <u>(c)</u>	<u>Other</u> <u>Equiv-</u> <u>alents</u> <u>(d)</u>	<u>Total</u> <u>Primary</u> <u>Phones</u> <u>(e)</u>
Month prior to Test Year					
1st Month of Test Year					
2nd Month					
3rd Month					
4th Month					
5th Month					
6th Month					
7th Month					
8th Month					
9th Month					
10th Month					
11th Month					
12th Month					
A 13-Month Average For Calendar Years Prior to Test Year					
5th Year					
4th Year					
3rd Year					
2nd Year					
1st Year					
Test Year					

Continental Telephone Company of Kentucky
Commonwealth of Kentucky

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GENERAL STATISTICAL DATA
TEST YEAR ENDING December 31, 1979

<u>Period</u>	<u>Numer of Employees Per Primary Phone (a)</u>	<u>No. of Station Connections Per Installer- Repairman (b)</u>
12 Months Ended December 31:		
Calendar Years Before Test Year		
5th Year		
4th Year		
3rd Year		
2nd Year		
1st Year		
Test Year		

Continental Telephone Company of Kentucky
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GENERAL STATISTICAL DATA
TEST YEAR ENDING December 31, 1979

Average
Net Plant
In Service
(a)

Increase
Over
Prior Year
(b)

Construction
Budget
Amount
(c)

Increase
Over
Prior Year
(d)

COMBINED

Calendar Years Before
Test Year

5th Year
4th Year
3rd Year
2nd Year
1st Year
Test Year

INTRASTATE

Calendar Years Before
Test Year

5th Year
4th Year
3rd Year
2nd Year
1st Year
Test Year

Commonwealth of Kentucky

Case No. 7790

COMPARATIVE OPERATING STATISTICS
TEST YEAR ENDING December 31, 1979

Line No.	Item (a)	5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	Test Year (g)	Net Change Since 5th Prior Year + Increase - Decrease (h)
1.	Maintenance as a Percentage of:							
2.	Gross operating revenues (include uncollectibles)							
3.	Total operating expenses (excluding depreciation)							
4.	Gross plant in service (end-of-period)							
5.	Maintenance Per:							
6.	Average total stations							
7.	Average primary phones							
8.	Materials and Supplies							
9.	Materials and supplies as a percentage of gross plant in service, both on an end-of-period basis							
10.	Average materials and supplies per average primary phones							
11.	Wages and Salaries as a Percentage of:							
12.	Gross operating revenues							
13.	Total operating expenses excluding depreciation							
14.	Depreciation Expense:							
15.	Per \$100 of average gross plant in service							
16.	Property Taxes:							
17.	Per \$100 of average gross plant in service							
18.	Interest Expense:							
19.	Per \$100 of average debt outstanding							
20.	Per \$100 of average plant investment							

KENTUCKY COMBINED OPERATIONS
TELEPHONE PLANT IN SERVICE BY CLASS AT YEAR END PER AVERAGE PRIMARY PHONES
TEST YEAR ENDING December 31, 1979

Account Number	Account (a)	12 Months Ended					Test Year (g)
		5th (b)	4th (c)	3rd (d)	2nd (e)	1st (f)	
201	Organization						
202	Franchisees						
203	Patent rights						
211	Land						
212	Buildings						
221	Central office equipment						
231	Station apparatus						
232	Station connections						
234	Large private branch exchanges						
241	Pole lines						
242.1	Aerial cable						
242.2	Underground cable						
242.3	Buried cable						
242.4	Submarine cable						
243	Aerial cable						
244	Underground conduit						
261	Furniture and office equipment						
264	Vehicles and other work equipment						
100.1	Total telephone plant in service						
	Total average primary phone (13 month average)						

Continental Telephone Company of Kentucky

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KENTUCKY COMBINED OPERATIONS
STATEMENT OF TELEPHONE PLANT IN SERVICE
TEST YEAR ENDING December 31, 1979

Account Number	Account (a)	Balance Beginning of Year (b)	Additions (c)	Retirements (d)	Balance End of Year (e)	Intrastate Percent (f)	Intrastate Portion (g)
<u>Telephone Plant in Service:</u>							
201	Organization						
202	Franchises						
203	Patent rights						
211	Land						
212	Buildings						
221	Central office equipment						
231	Station apparatus						
232	Station connections						
234	Large private branch exchanges						
241	Pole lines						
242.1	Aerial cable						
242.2	Underground cable						
242.3	Buried cable						
242.4	Submarine cable						
243	Aerial wire						
244	Underground conduit						
261	Furniture and office equipment						
264	Vehicles and other work equipment						
100.1	Total telephone plant in service						

Continental Telephone Company of Kentucky

Case No. 7790

KENTUCKY COMBINED OPERATIONS
ACCOUNT 642 - ADVERTISING
FOR THE TEST YEAR ENDING December 31, 1979

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Sales</u> <u>Advertising</u> <u>(b)</u>	<u>Institutional</u> <u>Advertising</u> <u>(c)</u>	<u>Rate</u> <u>Case</u> <u>(d)</u>	<u>Total</u> <u>(e)</u>
1.	Newspapers and periodicals				
2.	Booklets and pamphlets				
3.	Bill inserts				
4.	Displays, exhibits, posters, and placards				
5.	Motion pictures				
6.	Radio				
7.	Television				
8.	Salaries and wages				
9.	Other advertising				
10.	Other expenses				
11.	Total				

Continental Telephone Company of Kentucky

Case Number 7790

KENTUCKY COMBINED OPERATIONS
SUMMARY OF ACCOUNT NO. 675 - OTHER EXPENSES
FOR THE TEST YEAR ENDING December 31, 1979

<u>Line No.</u>	<u>Description (a)</u>	<u>Amount (b)</u>
1.	Valuations, inventories, and appraisals	
2.	Business Information System (BIS) expense	
3.	Purchase of employees service emblems	
4.	Membership fees and dues	
5.	Directors' fees and expenses	
6.	Printing Annual Report	
7.	FCC Filing and Grant Fees	
8.	Company apportioned amounts for various items	
9.	Other items (itemize)	
10.	-	
11.	-	
12.	Total	

Continental Telephone Company of Kentucky

Case Number 7790

KENTUCKY COMBINED OPERATIONS
ACCOUNT NO. 323 - MISCELLANEOUS INCOME CHARGES
INCLUDED IN OPERATING EXPENSES
FOR THE TEST YEAR ENDING December 31, 1979

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Amount</u> <u>(b)</u>
1.	Contributions (a)	
2.	Membership fees and dues (a)	
3.	Abandoned construction projects	
4.	Other (itemize)	
5.	Total	

(a) Detail attached

Continental Telephone Company of Kentucky

Commonwealth of Kentucky

Case No. 7790

AVERAGE RATES OF RETURN12 Months Ended December 31

<u>Line No.</u>	<u>Calendar Years Prior to Test Year</u> (a)	<u>Ky. Combined</u> (b)	<u>Ky. Intrastate</u> (c)
1.	Original Cost Net Investment:		
2.	5th Year		
3.	4th Year		
4.	3rd Year		
5.	2nd Year		
6.	1st Year		
7.	Test Year		
8.	Original Cost Common Equity: (Excluding J.D.I.C.)		
9.	5th Year		
10.	4th Year		
11.	3rd Year		
12.	2nd Year		
13.	1st Year		
14.	Test Year		

NOTE: Provide work papers in support of the above calculations.

Continental Telephone Company of Kentucky

Case No. 7790

SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AVERAGE WAGES
PER EMPLOYEE

Calendar Years Prior to Test Year (A)	Officials & Managerial Assistants (B) (C)		Professional and Semi- Professional (E) (F)		Business Office and Sales (H) (I)		Sales (K) (L)		Telephone Operators (N) (O)		Construction & Maintenance (Q) (R)		All Other (T) (U)		Total (W) (X)	
	No. Hrs. Wages (B) (C) (D)		No. Hrs. Wages (E) (F) (G)		No. Hrs. Wages (H) (I) (J)		No. Hrs. Wages (K) (L) (M)		No. Hrs. Wages (N) (O) (P)		No. Hrs. Wages (Q) (R) (S)		No. Hrs. Wages (T) (U) (V)		No. Hrs. Wages (W) (X) (Y)	
5th Year																
% Change																
4th Year																
% Change																
3rd Year																
% Change																
2nd Year																
% Change																
1st Year																
% Change																
Test Year																

- NOTE: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.
- (2) Show percent increase (decrease) of each year over the prior year on lines designated above "% Change."
- (3) Employees, weekly hours per employee, and weekly wages per employee for the week including December 31 of each year and the last day of the test year.

Continental Telephone Company of Kentucky

COMMONWEALTH OF KENTUCKY

Case No. 7790

EMPLOYEE CONCESSION TELEPHONE SERVICE
TEST YEAR ENDING December 31, 1979

	No. of People	Local		Toll	
		Main Stations	Other Services	Intrastate	Interstate
<u>Kentucky Revenue Loss</u>					
General Office Personnel (By percentage allowance)		\$	\$	\$	\$
Kentucky Operations (By percentage allowance)					
Affiliated Company Employees (By percentage allowance)					
Allowance Provided Employees Served by Other Telephone Companies					
Retired and Disabled Employees (By percentage allowance)					
Other					